

annual

report

FOR THE YEAR ENDED, DECEMBER 31, 1964

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**INTERNATIONAL ATLAS DEVELOPMENT
& EXPLORATION LIMITED**

(No Personal Liability)

INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED

(No Personal Liability)

To the Stockholders of

INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED.

In 1964 your Company's operations resulted in a net profit of \$100,116 — an increase of about 25% over the net profit for the first year after reorganization.

In 1964 the total gross sales amounted to \$663,860 versus the total gross sales for 1963 of \$446,185 — an increase of about 50%.

This significant result has been achieved largely through promotional activities which have brought about a change in the sales pattern.

With the provision of services (roads, water and electricity) at Rosa Marina added to the general development of the area by local Authorities and large European investments, the value of the land has greatly increased. The result of this has been that the Company has been able to sell lots at much higher prices. Because of the urbanization of the land, a demand has been created to build homes, resulting in the sale of 24 villas. The trend to buy and/or build villas has greatly increased this year and Management anticipates that this will rise further still, with the demand for land remaining stable but at far higher prices for each lot.

During the year your Management was successful in securing an underwriting for a debenture issue which provided your Company with a capital base to finance the purchase of all outstanding shares of the Brant Inn (Burlington) Limited, owners of the famous Brant Inn at Burlington, Ontario, to reduce the balance owing on Rosa Marina land and to cover development costs at Rosa Marina.

Your Board of Directors decided in the Summer of 1964 to close the German office, thereby writing off an investment of about \$35,000. This does, of course, express itself in the profit figure, but the decision was taken nevertheless in order to minimize this loss. Negotiations are now underway to channel the German business through already existing organizations, strictly on a commission against sales basis.

In search for further profitable ventures, the Board of Directors hopes very shortly to be able to report an important land acquisition for development similar to the Rosa Marina project. Negotiations have reached the final stages and a special report will be sent to you on conclusion of the transaction.

1964 has been a year of achievements, only some of which are mentioned in this letter. They are the product of efficient and devoted services by all concerned.

Your Board of Directors is proud of the Company's ability to grow and fully expects that the coming year will find your Company even more firmly established on a sound basis, from which additional expansion into other areas can be contemplated.

The wholly satisfactory results achieved during 1964 are due to the abilities and diligence of employees and management of the Company and its subsidiaries. The Directors express appreciation to all employees for their efforts and contributions to another successful year.

Toronto, April 30, 1965.

DR. MAX SCHACHTER,
President.

INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED

(No Personal Liability)

(Incorporated under the laws of the Province of Quebec)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1964

ASSETS

	1964	1963
Cash	\$ 76,107	\$ 24,992
Accounts receivable — re sale of lots (1964—\$198,096 due in 1965, balance from 1966-1969)	429,515	391,089
— re sale of villas (Note 5)	208,848	—
— other (Note 14)	38,255	13,026
Prepaid expenses	38,813	15,164
	<hr/> 791,538	<hr/> 444,271
Investment in wholly-owned subsidiaries (not consolidated)		
Inter-Atlas Entwicklungs—und Anlagen GmbH (consolidated in 1964)	—	12,196
The Brant Inn (Burlington) Limited (Note 9)	350,000	—
Real Estate		
Building lots, including development costs (1964 — 541 lots; 1963 — 636 lots) and undivided commercial land in Rosa Marina, near Ostuni, Italy)	680,491	674,210
Construction and development costs re model villas	25,986	13,757
Office furniture and equipment (at cost less depreciation; 1964—\$1,172, 1963 — \$816)	10,812	6,078
Expenses incurred re future project	16,723	—
Incorporation, reorganization and financing expenses	18,809	18,463
Unamortized expenses of debenture issue (Note 12)	96,830	—
Excess of cost over book value of subsidiary	355,475	355,475
	<hr/> \$ 2,346,664	<hr/> \$ 1,524,450
	<hr/> <hr/>	<hr/> <hr/>

INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED

(No Personal Liability)

LIABILITIES

CURRENT LIABILITIES	1964	1963
Bank loans	\$ —	\$ 10,300
Accounts payable — villas	168,918	—
— other	33,023	19,816
Estimated liability re required development services.....	91,570	—
Loans payable to shareholders, non-interest bearing	29,723	36,900
Note payable — 7% due December 11, 1965 (Note 9)	125,000	—
Current portion of note payable	2,680	—
Balance owing on land purchases (secured by a charge on the land) non-interest bearing, due June 30, 1965 (Note 10) (1964 — 182,395,350 lire)	315,563	359,347
	<hr/> 766,477	<hr/> 426,363
DEPOSITS		
From prospective purchases	5,960	8,796
LONG-TERM LIABILITIES		
Note payable (less current portion above) — 7% due November 30, 1974 (Note 9)	72,320	—
Debentures — Series A, authorized \$400,000 6¾ % sinking fund debentures, to mature November 1, 1974 (Notes 6, 8)	250,000 322,320	— —
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 1,094,757	\$ 435,159

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized		
5,000,000 shares, par value \$1 each.....	\$5,000,000	
Issued and fully paid		
1,216,956 shares		1,216,956
62,500 shares issued during 1964 (Note 6)		
1,279,456 shares	1,279,456	
CONTRIBUTED SURPLUS (no change during 1964)	354,949	354,949
	<hr/> 1,634,405	<hr/> 1,571,905
DEFICIT (per statement)	382,498	482,614
	<hr/>	<hr/>
TOTAL SHAREHOLDERS' EQUITY	1,251,907	1,089,291
	<hr/>	<hr/>
	\$ 2,346,664	\$ 1,524,450
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See the accompanying Notes to the Financial Statements which are an integral part of this statement.

Approved on behalf of the Board of Directors,

MAX SCHACHTER, *Director*.

ROBERT BROCK, *Director*.

INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED

(No Personal Liability)

AUDITORS' REPORT

To the Shareholders of
INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED

We have examined the Consolidated Balance Sheet of International Atlas Development & Exploration Limited as at December 31, 1964 and the Consolidated Statements of Deficit and Operations for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; however, it was not practical to circularize accounts receivable as to which we have satisfied ourselves by other auditing procedures.

In our opinion, the accompanying Consolidated Balance Sheet and related Consolidated Statements of Deficit and Operations, with notes thereto, present fairly the financial position of the Company as at December 31, 1964 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HORWATH & HORWATH, G. C. SMITH & CO.
Chartered Accountants

Toronto, Canada,
April 29, 1965.

CONSOLIDATED STATEMENT OF DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1964

	1964	1963
BALANCE, beginning of year	\$ 482,614	\$ 566,379
Less: Net profit (per statement)	100,116	80,932
Cancellation of debt	—	2,833
BALANCE, end of year	<u>\$ 382,498</u>	<u>\$ 482,614</u>

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1964

	1964	1963
SALES		
Building lots (Note 13) (1964 — 107 lots, 1963 — 178 lots)	\$ 360,983	\$ 446,185
Villas (24) (Note 5)	302,877	—
	<u>663,860</u>	<u>446,185</u>
COST OF SALES		
Land cost	132,810	169,472
Subdividing, legal and transfer costs	19,686	22,368
Villas (construction and development costs) (Note 11)	205,738	—
	<u>358,234</u>	<u>191,840</u>
GROSS PROFIT	305,626	254,345
EXPENSES		
Administrative charges including advertising, office, salaries, travel, legal, audit and other costs	180,922	149,238
Bank charges and dollar premium incurred in transferring funds from England	10,372	16,375
Directors' fees	12,000	7,800
Interest	2,216	—
	<u>205,510</u>	<u>173,413</u>
NET PROFIT (Note 4)	<u>\$ 100,116</u>	<u>\$ 80,932</u>

INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED

(No Personal Liability)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1964

NOTE 1 — SUBSIDIARY COMPANIES

The accounts of the following wholly-owned subsidiaries have been consolidated:

Inter-Marina Anlagen A.G.	Switzerland
Rosa-Marina (Estates) Limited	England
Inter-Atlas Entwicklungs—und Anlagen, GmbH	West Germany
Inter-Atlas S.p.A.	Italy

NOTE 2 — RATES OF EXCHANGE

The accounts of the foreign subsidiaries were converted to Canadian dollars at the prevailing rates of exchange.

NOTE 3 — ADDITIONAL LIABILITY

The agreement with the previous owner of the land provides that if a building is erected on a lot, an additional payment of \$260 (150,000 lire) is required. At December 31, 1964, the Company had pre-paid for 61 such lots. Negotiations are in progress to cancel the above requirements by a lump sum payment. As at April 29, 1965, these negotiations have not been completed.

NOTE 4 — INCOME TAXES

No provision has been made for Swiss taxes. The liability is not considered significant. The German and English companies act as agents only and accordingly have no taxable income. In the opinion of counsel, there would be no Canadian income taxes payable on the receipt of dividends from the wholly-owned Swiss subsidiary. Dividends paid by the Swiss subsidiary, to the extent that they are not paid out of contributed surplus, are subject to a Swiss withholding tax of 27%.

NOTE 5 — VILLA SALES

As at December 31, 1964, orders and contracts with deposits, were received for 24 villas. Contracts were awarded to the building contractor for the total construction cost. The total commitment to the contractor for the sold villas under construction or to be constructed is included in the cost of villa sales. The Consolidated Statement of Operations includes a gross profit of \$97,139 in connection with the villa sales.

NOTE 6 — SINKING FUND DEBENTURES — SERIES A

\$400,000 6¾ % sinking fund debentures, series A were authorized during the year. As of November 1, 1964, \$250,000 principal amount of debentures and 62,500 common shares having a par value of \$1 each were sold for a total consideration of \$225,000.

NOTE 7 — OPTION

As at December 31, 1964, the Company had granted an option for the issue of a further \$150,000 principal amount of the debentures and a further 37,500 shares of the Company for an aggregate consideration of \$135,000. This option was exercised early in 1965.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 1964

NOTE 8 — SINKING FUND

The terms of the trust indenture provide for payment to the trustee on or before November 1 in each year of the following percentages of the principal amount of Series A debentures:

1966 - 1969 — 6% each year	24%
1960 - 1973 — 10% each year	40%
Final payment November 1, 1974	36%
TOTAL	100%

NOTE 9 — THE BRANT INN (BURLINGTON) LIMITED

The Company purchased all the issued shares of The Brant Inn (Burlington) Limited on December 11, 1964 for a total consideration of \$350,000. This price is subject to certain minor adjustments. The balance owing to the vendor is secured by two promissory notes, the first being in the amount of \$75,000 bearing 7% interest and payable \$670 quarterly with the balance due on November 30, 1974. The second promissory note is in the amount of \$125,000 bearing 7% interest and is due on December 11, 1965.

The accounts of this wholly-owned subsidiary have not been consolidated.

NOTE 10 — BALANCE OWING RE LAND

The agreement with the previous owner of the land required the discharge of this liability by June 30, 1965. Negotiations for refinancing this liability are in progress but have not been completed as of April 29, 1965. The balance of this liability has not been confirmed directly; however, the Company's lawyers in Rome, Italy have confirmed the payments made against the original contract.

NOTE 11 — ESTIMATED LIABILITY

Estimated liability for required services, including roads, water and electricity comprise costs necessary to provide roads for 100 villas and water and electricity for 200 villas as estimated by management. The costs pertaining to the 24 villas sold during 1964 are included in cost of villa sales.

NOTE 12 — EXPENSES OF DEBENTURE ISSUE

The expenses of the debenture issue include the following:

Series A debentures issued	\$250,000
62,500 shares, par value \$1 each issued	62,500
	<hr/>
	312,500
Consideration for above	225,000
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Discount	87,500
Legal and audit	7,984
Printing and other.....	2,700
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	<u>\$ 98,184</u>

The above costs are being amortized over the period of the debenture issue.

NOTE 13 — LOT SALES

The Company follows the practice of taking into income the gross profit on the sales of lots in the years in which such lots are sold. The terms of payment generally extend over a four year period. Refunds are not payable on cancellation of a contract.

NOTE 14 — ACCOUNTS RECEIVABLE — SUNDRY

This item includes an amount receivable from the Company's former contractor. The amount has been determined by deducting the architect's estimate of the value of work performed from the total payments made. Management advises that this sum is recoverable in either cash or further construction.

INTERNATIONAL ATLAS DEVELOPMENT & EXPLORATION LIMITED

(No Personal Liability)

BY-LAW NUMBER 19

being a by-law to vary the purposes and powers of the Company.

WHEREAS INTERNATIONAL ATLAS DEVELOPMENT AND EXPLORATION LIMITED (No Personal Liability) (herein called the Company) was duly incorporated by Letters Patent under the provisions of the Quebec Mining Companies Act, under date of May 16th, 1951; and

WHEREAS pursuant to the provisions of the Quebec Companies Act, Supplementary Letters Patent were issued dated the 2nd day of November, 1951, and further Supplementary Letters Patent were issued dated the 13th day of July, 1959; and

WHEREAS it is provided by Section 3 of the Quebec Mining Companies Act that saving the special provisions contained in the Quebec Mining Companies Act, Part I of the Quebec Companies Act shall apply to mining companies incorporated under the Quebec Mining Companies Act; and

WHEREAS it is deemed necessary and expedient and in the interest of the Company to obtain Supplementary Letters Patent confirming this by-law, varying the purposes and powers of the Company and having it declared that the provisions of Division III of the Quebec Mining Companies Act shall no longer apply to the Company, or as herein provided;

NOW THEREFORE be it enacted and it is hereby enacted as by-law number 19 of INTERNATIONAL ATLAS DEVELOPMENT AND EXPLORATION LIMITED (No Personal Liability):

1. THAT, subject to confirmation by Supplementary Letters Patent, the purposes and powers of the Company be varied so that the Company may carry on the business of an investment and of a holding Company and for that purpose shall have the following powers:

- (a) To purchase, receive, hold, own, sell, assign, transfer, mortgage, pledge and otherwise acquire or dispose of and to lend money on the security of bonds, mortgages, debentures, notes, shares of capital stock and other securities, obligations, contracts and evidences of indebtedness of any company, corporation or association, or of any government, state, municipality or body politic, to receive, collect and dispose of interest, dividends, and income upon, of and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held or owned by the Company, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all of the rights, powers and privileges of individual ownership thereof, including the right to vote thereon;
- (b) To purchase, lease or otherwise acquire, to hold, rent, operate, manage, develop or otherwise use, and to sell, exchange or otherwise dispose of real property, improved or unimproved, and to mortgage the same; to acquire, construct, operate, manage, sell or otherwise dispose of buildings and structures of all kinds and to deal in and with building materials and supplies;
- (c) To act as agents and brokers for the investment, payment and transmission of money for the purchase, sale, improvement, development and management of any property, real or personal, business or undertaking, and the management, direction, re-organization or control of syndicates, partnerships, associations, companies or corporations, to administer and promote or assist in administering and promoting firms, partnerships and corporations;
- (d) To acquire any such shares, stocks, debentures, debenture stock, bonds, obligations or securities by original subscription, tender, purchase, exchange or otherwise, to subscribe for the same, either conditionally or otherwise, to guarantee the subscription thereof, and to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof;

- (e) To aid in any manner any corporation any of whose shares of capital stock, bonds, debentures or other obligations are held or are in any manner guaranteed by the Company, and to do any act or thing for the preservation and protection, improvement or enhancement of the value of any such shares of capital stock, bonds, debentures or other obligations;
- (f) To purchase or otherwise acquire, sell, exchange, operate, deal in and turn to account property and right of all kinds including mortgages, charges, annuities, auctions, produce and any interest in real or personal property and any claims against such property or against any business or company, and to carry on any business concern or undertaking so acquired;
- (g) To take part in the management, supervision or control of the business or operations of any company or undertaking of which the Company holds any shares, bonds, debentures or other securities or of which the Company owns any property, assets or rights and for that purpose, to appoint and remunerate any directors, accountants or other experts or agents;
- (h) To employ any individual, firm or corporation to manage, in whole or in part, the affairs of the Company and to employ experts to investigate and examine into the conditions, prospects, value, character, and circumstances of any business concerns and undertakings and generally of any assets, property or rights;
- (i) To acquire by purchase, lease or otherwise, and to take over and/or manage and carry on all or any of the businesses, undertakings, properties, franchises, goodwill, contracts, rights, powers and privileges held, enjoyed or carried on by any person, firm or corporation or by any business, the carrying on of which will, in the opinion of the Company, promote the carrying out of the undertakings of the company or any of them or possessed of any property suitable and, in particular, for shares, bonds, debentures or other securities of the company; to let and sub-let any property and to sell, lease or otherwise dispose of the whole or any part of the company's business, property, undertakings and assets of any kind for such consideration as the company may deem advisable and, in particular for shares, bonds, debentures or other securities of any other company, and to undertake the liabilities of any such person, firm or corporation;
- (j) To investigate, examine, audit and report on the books, standing, prospects, business, affairs and conditions of any person, firm or corporation and to investigate, examine and report on the title to and the value of property, real or personal, private or public; to investigate and report on the title to any real estate, lands or tenements or chattels or the legality of any issue of bonds or debentures or other security of any person, firm or corporation or the circumstances of any business concern or undertaking and generally on any assets, property or rights;

2. THAT the directors may from time to time

- (a) borrow money upon the credit of the Company;
- (b) issue debentures or other securities of the Company and pledge or sell the same for such sums and at such prices as may be deemed expedient;
- (c) notwithstanding the provision of the Civil Code, hypothecate, mortgage, or pledge the moveable or immoveable property, present or future, of the Company, to secure any such debentures, or other securities, or give part only of such guarantee for such purposes; and constitute the hypothec, mortgage or pledge above mentioned, by trust deed, in accordance with Sections 23 and 24 of the Special Corporation Powers Act (R.S.Q. 1941, C. 280), or in any other manner;
- (d) hypothecate or mortgage the immoveable property of the Company, or pledge or otherwise effect the moveable property, or give all such guarantees, to secure the payment of loans made otherwise than by the issue of the debentures, as well as the payment or performance of any other debt, contract or obligation of the Company;

PROVIDED THAT any limitations or restrictions contained herein shall not apply to the borrowing of money by the Company on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Company.

3. THAT, subject to confirmation by Supplementary Letters Patent, the provisions of Division III of The Quebec Mining Companies Act shall no longer apply to the Company.

4. THAT the name of the Company be changed from INTERNATIONAL ATLAS DEVELOPMENT AND EXPLORATION LIMITED (No Personal Liability) to INTERNATIONAL ATLAS DEVELOPMENT AND EXPLORATION LIMITED or such other name as may be granted by the Department of the Provincial Secretary of the Province of Quebec.

5. THAT the Company be and it is hereby authorized to make a Petition to the Lieutenant-Governor of the Province of Quebec for Supplementary Letters Patent confirming this by-law.

6. THAT the directors and officers of the Company be and are hereby, authorized and directed to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

ENACTED this 29th day of October, 1964.

WITNESS the corporate seal of the Company.

MAX SCHACHTER, *President.*

ROBERT BROCK, *Vice-President.*

BY-LAW NUMBER 20

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of International Atlas Development & Exploration Limited (hereinafter called the "Company") as follows:

1. The directors of the Company be and they are hereby authorized to elect from their number an executive committee consisting of not less than three and to delegate to the executive committee any powers of the board of directors.

2. The directors hereby delegate to the executive committee all of the powers, authorities and discretions vested in or exercisable by the board of directors save and except only such acts as must be performed by the directors themselves.

3. The following provisions shall apply to the executive committee:

- (a) the directors may from time to time determine which member of the executive committee shall be the chairman thereof and may modify, dissolve or reconstitute the executive committee and may make such regulations with respect to and impose such restrictions upon the exercise of the aforesaid powers, authorities and discretions as the directors think expedient;
- (b) the executive committee shall, subject to any regulations made or restrictions imposed from time to time by the directors as aforesaid, be competent to exercise all of the powers, authorities and discretions delegated to it vested in or exercisable by the directors;
- (c) the meetings and proceedings of the executive committee shall be governed by the provisions in the by-laws for regulating the minutes and proceedings of the directors so far as the same are applicable thereto and are not superseded by any regulations or restrictions made or imposed by the directors as aforesaid;
- (d) the Secretary of the Company shall be the secretary of the executive committee.

ENACTED this 5th day of May, 1965.

WITNESS the corporate seal of the Company.

MAX SCHACHTER, *President.*

ROBERT BROCK, *Vice-President.*

